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Report Highlights:

Mexican honey production for MY 2002 is forecast to decrease to 55,000 MT, due to the damage inflicted by Hurricane Isidore in September 2002 in the major honey producing regions of the Yucatan peninsula. However, beehive population is expected to rebound quickly as a result of government assistance programs, thus, offsetting the hurricane's destruction of the Yucatan's beehive population and resulting in only a limited decrease in the forecast of MY 2002 honey production.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Mexico [MX1], [MX]

Honey Situation and Outlook: For MY 2002, official and private sources estimate that production will be 55,000 MT, a 9.8 percent decrease from SAGARPA's official estimate of 61,000 MT, due to harsh weather conditions inflicted on the Yucatan peninsula by Hurricane Isidore in September 2002. Despite government efforts to help honey producers replace the numerous beehives that were lost as a result of the hurricane, FAS/Mexico does not expect honey production to recover sufficiently to reach the official production figure SAGARPA is maintaining. The production estimate for MY 2001 has been revised downward to 55,783 MT, reflecting more accurate industry and official data. Latest official production figures for MY 2000 were revised upward to 59,069 MT.

According to official sources, MY 2002 honey production will not reach historic averages, due to the persistence of bad weather conditions in the southern states of Yucatan and Campeche. Not only was Hurricane Isidore responsible for devastating nearly 50 percent of bee colony numbers in the Yucatan peninsula, but also it was also responsible for destroying an important growing area for the native plant, tajonal, which is used as the main feed supply for bees. Currently the Government of Mexico (GOM) is supporting the Yucatan and Campeche honey producers with sugar to feed the bees, wax to refurbish beehives, and new bee nucleons and queen bees. Accordingly to official sources, this emergency program is scheduled to last one month, which is the estimated time the tajonal plant needs to recover. Humid soil conditions resulting from the floods left by Hurricane Isidore will speed tajonal plant growth, which will, in turn, allow for ample new feed for the new beehives, thereby producing better yields and increased production.

Also, combined honey productions of other regions of Mexico, notably southern Mexico (which usually starts in late December) and Central and Northern Mexico (which begins in late October/early November) are expected to be consistent with those regions' historical production levels. Honey production patterns in Mexico point to the last three months of the year as being the peak production months. Nonetheless, lower quantities of honey are produced throughout the year too.

In MY 2001, bad weather conditions, inadequate production techniques, and immoderate use of antibiotics and pest control chemicals adversely affected bee colonies and subsequently reduced yields and production.

The Mexican states of Yucatan, Campeche, Jalisco, Veracruz, Guerrero, Oaxaca, Puebla, Quintana Roo and Chiapas were the main producing states, accounting for more than 80 percent of total Mexican honey production in MY 2001. For MY 2002 state production patterns are expected to remain unchanged.

Reportedly, the use of beekeeping pollination services in Central and Northern Mexico is increasing, as beekeepers, horticultural and citrus growers continue to form joint ventures in order to increase crop yields. Currently, pollination services have become a profitable activity with nearly 200,000 beehives, based on the fact that vegetables, citrus and honey are export commodities which garner attractive international prices.

For MY 2001, bee colony numbers remained unchanged at 2.0 million reflecting preliminary official data. However, by the end of MY 2002, these numbers are expected to decrease to 1.8 million, due to the damage from Hurricane Isidore in southern Mexico. Nevertheless, for MY 2003, honey producers are expecting commercial beehives numbers to increase again to MY 2001 levels, due to the effects of government support and assistance in the aftermath of Hurricane Isidore. In recent years, through the implementation of governmental programs, honey producers have been able to control and maintain Varroa Jacobsini outbreaks and Africanized bees at acceptable levels.

SAGARPA's MY 2002 yield estimates are expected to be 30.2 kilograms per hive. However, FAS/Mexico does not concur with these official yield estimates and forecasts a lower figure which is more consistent with last year's 27.8 kilograms. Nevertheless, future yields are expected to increase, due to the current conversion trend observed, wherein former rustic beehives are being modernized and improvements in pest control management and replacement of old beehives with new beehives nucleons are being implemented.

In MY 2001, official data from the Secretariat of Economy (SE) reported that 19,208 MT of honey were exported, representing 34.3 percent of total production. The United States is Mexico's second most important export market for honey after Germany. For MY 2002, honey exports are forecast at 25,000 MT, an increase of 30 percent from MY 2001, due to aggressive market promotions in other countries of high-quality Mexican honey exports, lack of modern domestic marketing channels, and the poor image of domestic honey in Mexico.

According to official data from the SE, Mexico's MY 2001 imports increased significantly to 145 MT, an increase of 663 percent over the MY 2000 level of 19 MT. This unusual market trend was caused by several factors, including lower domestic production, increased demand from high-end restaurants for high-quality imported honey, and the presence that year of very low quality, adulterated honey in the domestic market. In MY 2001, the United States accounted for 82.5 percent of total Mexican honey imports. Most of these imports were in the form of specially-packed products for use in gourmet restaurants located in resort areas. Due to their high cost, these products can only be found in limited quantities in certain supermarkets located in high-income residential areas.

In MY 2001, Mexican household consumption of honey accounted for 52 percent of total domestic consumption, while the food, cosmetic and tobacco industries accounted for the remaining 48 percent. However, in MY 2002, it is expected that industrial consumption of honey will slightly outpace domestic use. The MY 2001 consumption estimate has been revised upward, due to more recent information which reflects decreased exports and increased imports. In MY 2001, per capita consumption was approximately 400 grams, far below the 2 kg. per capita consumption level in the European Union. For MY 2002, per capita consumption is expected to remain the same.

The tariff rate scheme for Mexican imports of honey products is unchanged. Imports from the United States, Canada, Costa Rica, Chile and Nicaragua are applied a zero percent tariff rate, while imports from other countries must pay a 20 percent tariff.

Mexico is developing as a potential market for imported honey, due to the aforementioned consumption patterns and the decrease this year in Mexican honey production as a result of Hurricane Isidore. Reportedly, U.S. honey is well-positioned to enter specialized market niches, such as bottled honey for use in top-end restaurants in tourist resorts and high-income residential areas located in larger Mexican cities.

PS&D

PSD Table						
Country	Mexico					
Commodity	Honey		(1000 COLONIES)(MT)			
	Revised 2000		Preliminary 2001		Forecast 2002	
	Old	New	Old	New	Old	New
Market Year Begin	01/2000		01/2001		01/2002	
Commercial Colonies	1945	1945	2000	2000	0	1800
NonCommercial Colonies	0	0	0	0	0	0
TOTAL Colonies	1945	1945	2000	2000	0	1800
Beginning Stocks	0	0	0	0	0	0
Production	58935	59069	61200	55783	0	55000
Imports	19	19	10	145	0	220
TOTAL SUPPLY	58954	59088	61210	55928	0	55220
Exports	26262	26262	28000	19208	0	25000
Domestic Consumption	32692	32826	33210	36720	0	30220
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	58954	59088	61210	55928	0	55220

Mexican Honey Production by State

TABLE 1 MEXICAN HONEY PRODUCTION BY STATE 1994 TO 2001 (METRIC TONS)								
State	1994	1995	1996	1997	1998	1999	2000	2001
Aguascalientes	257	177	194	159	249	26	159	100
Baja California	0	0	200	198	132	234	245	267
Baja California Sur	197	212	250	201	187	175	237	210
Campeche	4,050	3,706	3,213	2,950	4,799	4,397	7,593	7,201
Coahuila	150	164	65	163	68	76	239	271
Colima	1,070	1,075	1,065	559	509	473	481	474
Chiapas	3,000	3,050	3,146	2,674	2,893	3,112	2,520	2,735
Chihuahua	449	218	364	638	320	480	500	539
Mexico City	100	70	197	113	185	100	100	100
Durango	390	302	505	464	221	361	421	327
Guanajuato	1,040	1,050	1,097	861	1,147	500	247	913
Guerrero	3,945	3,933	918	3,868	4,497	5,899	4,356	3,715
Hidalgo	1,729	1,312	1,290	1,223	1,093	972	818	817
Jalisco	7,304	4,344	5,212	6,065	6,091	5,004	5,916	5,614
Mexico	834	794	793	801	814	829	768	977
Michoacan	1,816	1,708	1,786	1,976	1,591	1,812	1,903	1,791
Morelos	687	475	181	541	900	885	141	419
Nayarit	571	463	515	563	509	655	542	283
Nuevo Leon	491	500	502	430	420	420	430	370
Oaxaca	2,494	2,011	2,598	1,837	1,776	2,039	2,128	2,172
Puebla	2,354	2,001	2,269	2,939	3,207	2,200	3,103	2,900
Queretaro	390	185	141	98	115	117	90	66
Quintana Roo	2,550	2,700	2,640	3,888	2,941	3,164	3,627	2,544
San Luis Potosi	1,288	1,052	1,390	964	900	982	794	914
Sinaloa	1,538	942	682	912	1,165	1,413	1,546	1,061
Sonora	781	805	920	691	808	530	353	478
Tabasco	328	244	80	86	118	114	120	115
Tamaulipas	632	786	760	706	630	609	595	573
Tlaxcala	454	236	335	335	362	371	413	568
Veracruz	5,000	4,146	4,458	4,592	4,658	5,669	5,909	6,614
Yucatan	8,638	8,400	9,250	10,302	9,615	9,980	11,040	9,169
Zacatecas	1,905	2,167	2,164	1,884	2,377	1,725	1,601	1,486
Total	56,432	49,228	49,180	53,681	55,297	55,323.	58,935.	55,783.

Source: National Service of Information and Agricultural Statistics. SIAP-SAGARPA

Trade Matrix - Exports

TABLE 2 HONEY EXPORTS (KGS.) -CALENDAR YEAR-		
Country	2001	2002*
	Volume	Volume
GERMANY	13,392,114	12,827,506
U.S.A.	2,121,779	3,557,928
U.K.	1,025,542	2,898,016
SAUDI ARABIA	1,212,837	1,085,103
BELGIUM	400,774	410,469
SWITZERLAND	277,291	406,906
VENEZUELA	192,960	134,364
PUERTO RICO	111,234	187,675
ITALY	96,043	82,679
JAPAN	92,955	210,980
OTHER	285,447	63,539
TOTAL	19,208,976	21,865,165

Source: World Trade Atlas, Mexico Edition. July 2002

* As of July 2002.

Trade Matrix - Imports

TABLE 3 HONEY IMPORTS (KGS.) -CALENDAR YEAR-		
Country	2001	2002*
	Volume	Volume
U.S.A.	119,505	195,469
CUBA	18,225	0
AUSTRIA	2,670	1,206
SWITZERLAND	2,250	2,649
	2,136	1,644
TOTAL	144,786	200,968

Source: World Trade Atlas, Mexico Edition. July 2002

* As of July 2002.